

AUTHORIZING THE SECRETARY OF THE INTERIOR TO SELL CERTAIN RESERVED PHOSPHATE INTERESTS OF THE UNITED STATES IN CERTAIN LANDS IN FLORIDA

SEPTEMBER 8, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HALEY, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H.R. 300]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 300) to authorize the Secretary of the Interior to sell certain rights in the State of Florida, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H.R. 300, introduced by Mr. Chappell, is to authorize the Secretary of the Interior to sell reserved phosphate interests of the United States in certain lands in Florida to the record owner thereof.

BACKGROUND

The subject lands comprise a total of about 120 acres in Marion County, Fla. They were conveyed by the United States in two patents on April 16, 1919. Both patents reserved the phosphate deposits in the lands to the United States under the act of July 17, 1914 (38 Stat. 509).

The lands covered by this bill are part of 1,313 acres of previously undeveloped lands which are now being developed into homesites, but the surface owners are having difficulty obtaining financing for construction because of the refusal of local financial institutions to finance construction so long as the phosphate reservations are in effect.

There are no phosphate prospecting applications, permits, or leases in effect involving these lands.

EXPLANATION

H.R. 300 would authorize and direct the Secretary of the Interior to convey to the record owner thereof all right, title, and interest of the United States in the phosphate in about 120 acres in Marion County, Fla. It directs the Secretary to require a deposit of money which he deems sufficient to cover the estimated administrative costs of the conveyance. If a conveyance is not made and the administrative costs exceed the deposit, the Secretary is directed to bill the applicant for the outstanding amount; but if the costs are less than the deposit, the Secretary is directed to refund the excess.

An application for a conveyance must be filed with the Secretary within 6 months of the date of approval of the bill. Payment of administrative costs and the fair market value of the interests to be conveyed must be made within the time specified by the Secretary. The money paid for administrative costs shall be paid to the agency which rendered the service, and the money received for the mineral interests shall be paid into the General Fund of the Treasury.

SECTION-BY-SECTION ANALYSIS

Section 1 states the purpose of the bill and describes the tract of land involved.

Section 2 describes the provisions for the payment of administrative costs.

Section 3 states the requirements for the conveyance of the property, including the payment of administrative costs and the fair market value of the interest to be conveyed.

Section 4 defines "administrative costs".

Section 5 provides that moneys paid for administrative costs be paid to the agency rendering the service and the moneys paid for the mineral interests to be paid to the Treasury.

COST AND BUDGET ACT COMPLIANCE

No additional Federal expenditures are involved in the enactment of H.R. 300, since the costs attributable to it are to be reimbursed.

INFLATIONARY IMPACT STATEMENT

The sums involved in H.R. 300 are nominal and will have no inflationary impact.

OVERSIGHT STATEMENT

Other than the normal oversight responsibilities exercised in conjunction with these legislative operations, no recommendations were submitted to the committee pursuant to rule X, clause 2(b) (2).

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs, by a voice vote, recommends the enactment of H.R. 300.

DEPARTMENTAL REPORT

Two reports of the Department of the Interior, one favorable and the other, which it supercedes, unfavorable, follow:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., March 26, 1976.

HON. JAMES A. HALEY,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: On July 9, 1975, this Department transmitted its views on H.R. 300, a bill to authorize the Secretary of the Interior to sell certain rights in the State of Florida.

In that report we recommended against enactment of the bill because, at that time, we had been unable to obtain enough information as to whether or not the mineral reservation on the land in question was actually precluding development of the land for a purpose more beneficial than the mineral development. Inasmuch as the lands may have phosphate value, the bill did not clearly meet any of the Department's criteria for approval of bills of this nature and we could not support enactment of H.R. 300. A copy of that report is enclosed. We have now obtained sufficient information to determine whether any criteria have been met in this situation, and after an evaluation of that information, we would not object to enactment of H.R. 300.

In the July 9, report we stated that it was our understanding that the lands covered by H.R. 300 were part of 1,313 acres of previously undeveloped land in Marion County which were now being developed into homesites, but the surface owners were having difficulty obtaining financing for this purpose because of the mineral reservation held by the United States. It appeared at that time that about 45 lots located on the subject tract had been sold. Twenty-eight homes had been built in the development. The information which we had been able to obtain did not clearly indicate the exact location of these 28 homes, that is whether they were on the lands in the bill.

We concluded that if those homes had been built on the lands under the bill, then obtaining financing was apparently not difficult and thus the development was not precluded. However, if the 28 homes were located on adjacent land not subject to a mineral reservation, because the reservation in question would be interfering with a more beneficial use of the land, then in view of the surface owner's difficulty in obtaining financing, the Department would probably have no objection to the bill, since the United States would be fully compensated for the phosphate present.

We have now learned that 26 of the 28 homes which have already been constructed are located on other lands in the development, lands not affected by H.R. 300. Two homes have been constructed on the land in question. However, they were constructed for cash, thus avoiding the need to obtain financing. Further, we understand that most of the other lots have been sold to people who intend to build over the next few years, and local financial institutions will not finance construction

so long as the lots are covered by a phosphate reservation. We further understand that economic benefit from the construction to Marion County may be material.

In view of the above, we believe that the criterion recognizing more beneficial development than the mineral development has been satisfied and, accordingly, we have no objection to enactment of the bill.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

JACK HORTON,
Assistant Secretary of the Interior.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., July 9, 1975.

DEAR MR. CHAIRMAN: This responds to your request for the views of this Department on H.R. 300, a bill to authorize the Secretary of the Interior to sell certain rights in the State of Florida.

We recommend against enactment of the bill, because this Department has been unable to obtain enough information to determine whether certain established criteria have been met for the Department's approval of this type of bill.

H.R. 300 is identical to H.R. 16966 in the 93rd Congress. H.R. 300 would direct the Secretary to convey to the record owner of the surface all phosphate interests now owned by the United States in certain lands located in Marion County, Fla. It would require payment of the fair market value of the reserved minerals and a deposit to cover estimated administrative costs, including all costs of (1) conducting an exploratory program to determine the character of the phosphate deposits in the land, (2) evaluating the data to determine the fair market value of the phosphate rights, and (3) preparing and issuing the instrument of conveyance. No conveyance would be made unless the application for conveyance was filed within six months of the date of enactment of the bill.

The subject lands comprise a total of approximately 120 acres. The S $\frac{1}{2}$ NE $\frac{1}{4}$ and the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of section 12, township 15 south, range 19 east, were both patented on April 16, 1919. The phosphate interests in the lands were reserved to the United States under the act of July 17, 1914 (38 Stat. 509).

The Geological Survey indicates that the tract described in H.R. 300 is located within the generally recognized limits of the Florida hard-rock phosphate field. Currently there are no phosphate prospecting applications, permits or leases in effect. The Geological Survey has reported that a preliminary program of exploration to evaluate the tract covered by H.R. 300 would require the drilling of twelve core holes costing about 5,000. Further, if the initial exploratory drilling program and chemical analysis of resulting cores demonstrated the presence of a commercial phosphate deposit, an additional program and chemical analyses would be needed to determine the value of the interests to be conveyed.

